

Adjustments in Accounting Methods and Prior Year Fund Balances

Government Code section 13344 requires the Department of Finance to note in the Governor's Budget or related documents any adjustments of prior year fund balances and accounting methods. This requirement is to achieve the closest possible comparability of the Governor's Budget with the State Controller's Budgetary-Legal Basis Annual Report.

Accounting Methods

No major changes have been implemented or proposed since last year's report.

Prior Year Fund Balances

Government Code section 13344 requires every state agency to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the State Controller's Budgetary-Legal Basis Annual Report, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. Consistent with this requirement, Finance has continued its efforts in instructing and assisting departments in the reconciliation of special funds between the Governor's Budget documents departments provide to Finance and the year-end financial statements they provide to the State Controller's Office. Departments that are the designated fund administrators continue to be primarily responsible for the reconciliation, and Finance works very closely with them to ensure this is or will be completed for all special funds. Special fund balances included in the Governor's Budget have been reconciled using the best information available at the time. However, final balances for the Budgetary-Legal Basis Annual Report and certain actual revenue or expenditure amounts are not available during the preparation of the Governor's Budget. Therefore, there will be some remaining variances in the spring when final balances become available. Finance will follow up the efforts in the spring to evaluate if additional budget changes are necessary.